



City of Seattle
Office of Housing

TO: Councilmember Nick Licata, Chair, Housing, Human Service, Health, & Culture Committee
Councilmember Sally Bagshaw
Councilmember Bruce Harrell
Councilmember Tom Rasmussen

FROM: Rick Hooper, Director

DATE: January 7, 2013

SUBJECT: Multifamily Property Tax Exemption Program Discussion

Last September the City Auditor's Office released a report on the Multifamily Property Tax Exemption Program (MFTE). Audit Office staff presented full Council with their findings and recommendations on September 24; we followed up with our reaction at October 29's Council briefing. We understood at the time that further review and discussion would take place in early 2013. For your information, attached is the powerpoint we used at the October 29 meeting.

We have been asked to come to Committee on January 9 to present a proposed approach to the MFTE review as well as a briefing schedule. We hope that these briefings will also provide a good opportunity for us to provide background information and for you to comment and request any additional information you would find helpful.

One date on the calendar is of special note. Last year you requested that for 2013 we provide background on the general housing market information as context for the annual Housing Levy status report. As we thought about that, we determined that updated data relating to housing need and gaps in the housing market could also help support upcoming discussions on the Office of Housing 2013 Work Program as well as the MFTE Program. Accordingly, we propose to kick off all three topics – OH Work Program, Housing Levy report, and MFTE review – at your February 13 meeting.

Turning back to MFTE, we propose to structure the schedule of briefings around the three categories of recommendations that the Auditor provided:

- (i) administrative procedures (e.g., more automation)

(ii) policy changes that do not require legislative changes or are fairly cut-and-dried; examples include:

- whether students can occupy MFTE units
- presumed occupancy (number of people per unit type)
- acceptable forms of income documentation)

(iii) policy changes that do require legislative changes; examples include:

- Reviewing the 9 policy objectives spelled out in SMC 5.73.010
- Geographic Span (largely addressed by objectives review)
- Permissible unit sizes
- Maximum income and rent levels
- Income requalification

We suggest taking up the three areas in successive Committee meetings:

Committee Date	MFTE-Related Discussion Topics
1/9/2013	OH presents proposed approach to reviewing the MFTE Program and responding to audit recommendations
2/13/2013	OH presents background data on current housing market, including updated housing needs data (provides context for MFTE Program discussion) as well as work status on MFTE administrative procedures <ul style="list-style-type: none">• scope of work for administrative review, including process improvements made to date• results to date of 2011 YE site visits compliance review
2/27/2013	OH presents: <ul style="list-style-type: none">• analysis of MFTE policy questions that do not require Council action• introduction to MFTE policy issues that would require future Council action
3/13/2013	Council considers policy options that would require Council action
3/27/2013	If appropriate, Council considers proposed legislation to amend MFTE Program SMC sections

We look forward to our discussion with you on Wednesday. Please contact Miriam Roskin, at 733-9077, if you have questions in the meantime.